

CLAIMS

*Memorandum of agreement signed June 18, 1948, with annexes,
supplementing agreement of March 27, 1946
Entered into force June 18, 1948*

Department of State files

MEMORANDUM OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM FOR THE SETTLEMENT OF CLAIMS BY AND AGAINST THE UNITED STATES ARMY

1. The Government of the United Kingdom and the Government of the United States of America have reached an understanding for the settlement of certain financial claims between the Government of the United Kingdom and the United States Army which have arisen subsequent to the period covered by the Joint Memorandum and Agreement signed in Washington on 27th March 1946,¹ and in respect of transactions between the Government of the United Kingdom and the United States Army specifically mentioned in that Joint Memorandum as calling for separate settlement.

2. It is agreed that the indebtedness of the United States Army to the Government of the United Kingdom within the terms of this agreement is \$4,222,914.00. This amount covers the following claims:

(a) The claims of the Government of the United Kingdom or its agencies against the United States Army which have arisen or may arise as a result of, or incident to, procurement throughout the world of services, supplies, utilities, facilities, goods and properties (other than petroleum, oils and lubricants) by or on behalf of the United States Army for the period from 1st January 1946 up to and including 31st December 1946; and as a result of or incident to procurement of petroleum, oils and lubricants by or on behalf of the United States Army for the periods defined in paragraph 8 below as being covered by this agreement.

(b) The claims against the United States Army by persons resident or carrying on business in the United Kingdom or its Colonial Dependencies, which have arisen, or may arise, as a result of, or incident to procurement in the United Kingdom or its Colonial Dependencies of services, supplies, util-

¹ TIAS 1509, *ante*, p. 745.

ities, facilities, goods and properties, including petroleum, oils and lubricants, by or on behalf of the United States Army up to and including 31st December 1946.

3. The following acknowledged claims against the United States Army which occurred in 1945 are excluded from this agreement for separate settlement:

(a) The claim by the United Kingdom Stationery Office for £23,849.5.1 for the remainder (270 tons) of a total of 600 tons of paper issued in 1945 to the United States Army and not replaced in kind as agreed—(\$96,172.12).

(b) The claim by the United Kingdom War Office for 4.51 million Belgian francs for the proportionate share of the charges incurred during the period of combined supply responsibility from June to September 1945 for the milling and transporting for ultimate German consumption of 50,000 tons of relief wheat situated in Belgium—(\$103,030.95).

(c) The claim by the United Kingdom Admiralty for £4,700.14.3 being four fifths of the expense of repairing the Horta-Cherbourg cable in November 1945—(\$18,955.60).

(d) The claim by the United Kingdom War Office for £12,339.2.8, being 50% of the cost of supplies and services procured for sterling in the calendar year 1945 and used in the support of 2,000 Yugoslavian troops operating west of the Morgan line—(\$49,757.56).

4. It is agreed that the indebtedness of the Government of the United Kingdom to the United States Army within the terms of this agreement is \$1,087,695.12. This amount includes all claims of the United States Army against the Government of the United Kingdom or its agencies which have arisen or may arise as a result of, or incident to, procurement throughout the world of services, supplies, utilities, facilities, goods and properties (other than petroleum, oils and lubricants) by or on behalf of the Government of the United Kingdom for the period from 2nd March 1946 up to and including 31st December 1946; and as a result of or incident to procurement of petroleum, oils and lubricants by or on behalf of the Government of the United Kingdom for the periods defined in paragraph 8 below as being covered by this Agreement.

5. It is agreed that payment to the Government of the United Kingdom of the net amount of \$3,135,218.88 is in complete and final settlement of the net indebtedness of the United States Army to the Government of the United Kingdom within the terms of this agreement. An analysis of this account is given in Annex I to this agreement. Payment of this amount constitutes a final settlement and is not subject to variation in case it should later be determined that any of the figures are not accurate.

6. Upon payment of \$3,135,218.88 by the United States Army to the Government of the United Kingdom:

(a) (i) The Government of the United Kingdom hereby releases and forever discharges the Government of the United States from any and all claims by the Government of the United Kingdom or its agencies against the United States Army which have arisen or may arise as a result of, or incident to, procurement throughout the world, of services, supplies, utilities, facilities, goods and properties (other than petroleum, oils and lubricants) by or on behalf of the United States Army from 1st January 1946 up to and including 31st December 1946; and as a result of, or incident to, procurement of petroleum, oils and lubricants by or on behalf of the Government of the United Kingdom for the periods defined in paragraph 8 below as being covered by this agreement.

(ii) The Government of the United Kingdom also indemnifies the United States Army against all claims against the United States Army by persons resident or carrying on business in the United Kingdom or its Colonial Dependencies, which have arisen, or may arise, as a result of, or incident to, procurement in the United Kingdom or its Colonial Dependencies of services, supplies, utilities, facilities, goods and properties, including petroleum, oils and lubricants, by or on behalf of the United States Army up to and including 31st December 1946. The United States Army will furnish on request particulars of any claims against the United States Army of which they have previous knowledge. Any claim which has not been referred to the Government of the United Kingdom by the United States Army prior to the date of this Agreement shall be so referred immediately upon receipt thereof by the United States Army and the United States Army shall make no commitment in respect to any such claim without the consent of the Government of the United Kingdom.

(b) The Government of the United States hereby releases and forever discharges the Government of the United Kingdom from any and all claims by the United States Army against the Government of the United Kingdom or its agencies which have arisen or may arise as a result of, or incident to, procurement throughout the world of services, supplies, utilities, facilities, goods and properties (other than petroleum, oils and lubricants) by or on behalf of the Government of the United Kingdom for the period from 2nd March 1946, up to and including 31st December 1946; and as a result of, or incident to, procurement of petroleum, oils and lubricants by or on behalf of the Government of the United Kingdom for the periods defined in paragraph 8 below as being covered by this agreement.

7. This agreement is without prejudice to the adjustment of accounts between the Government of the United Kingdom and the United States Army in respect of coal supplied from the British Zone of Germany for the use of the United States Forces in Austria during the period up to and including 31st December 1946, if it is subsequently agreed that such adjustment is necessary.

8. For the purposes of paragraph 2(a), 4, 6(a) (i) and 6(b) of this Agreement, the procurement of petroleum, oils and lubricants refers to the transfer of these products between the United States Army and the Government of the United Kingdom which took place throughout the world and were on a cash reimbursable basis, during the period from 2nd September 1945 up to and including 31st December 1946.

The following transfers or adjustments of petroleum, oils and lubricants, because they did not involve cash reimbursement, are excluded from this agreement:

(a) The adjustment of petroleum, oils and lubricants detailed in the Joint Memorandum of Agreement, Section VI signed in Washington on the 27th March 1946.

(b) Transfers during the various periods from 2 September 1945 established in connection with the United States/United Kingdom Equity Settlement dated 27th January 1947 between the Armed Services Petroleum Board and the Ministry of Fuel and Power.

Certain further transactions arising out of (a) and (b) above and involving cash payment are listed in Section 1 of Annex II to this Agreement and will be settled separately.

The following transfers or adjustments of petroleum, oils and lubricants, although they do involve cash reimbursement, are reserved for separate settlement:

(c) Transfers of petroleum, oils and lubricants by either Government to the other which are identified in the monthly "USFET Petroleum Status Reports" issued by the Armed Services Petroleum Board for the months from September 1945 to February 1946 inclusive; and similar transfers for the same period identified in British Bulk Petroleum Storage Records, unless otherwise claimed.

(d) The special transactions set out in Section 2 of Annex II to this Agreement.

9. This agreement excludes tort claims.

10. For the purposes of this agreement the procurement of services, supplies, utilities, facilities, goods and properties is deemed to have occurred on the date on which these services or goods were received by one Government or its agencies from the other Government or its agencies.

11. The provisions of this agreement apply to the United States Army Air Forces as well as to the United States Army and to claims by or against the Governments of the British Colonial Dependencies as well as to claims by or against the Government of the United Kingdom.

12. This agreement shall become effective upon signature.

Signed in duplicate this 18th day of June, nineteen hundred and forty eight.

For the Government of the United Kingdom of Great
Britain and Northern Ireland

/s/ D. F. C. BLUNT
Under-Secretary
H. M. Treasury

For the Government of the United States of America

/s/ W. B. PALMER
Brigadier General, G.S.C.,
Director of Logistics,
Headquarters, European Command,
United States Army.

ANNEX I

1. Payments due to the Government of the United Kingdom by the
United States Army within the terms of this agreement.

War Office	\$2,749,943.83
Air Ministry	470,082.37
Ministry of Civil Aviation	35,469.53
Ministry of Food	1,393.29
Ministry of Supply	796,009.82
Ministry of Transport	856.86
H. M. Stationery Office	17,776.38
General Post Office	34,683.26
Admiralty	8,447.86
Ministry of Information	2,028.32

TOTAL	\$4,116,691.57
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Claims by persons resident or carrying on business in the United Kingdom and Colonial Dependencies	106,222.43
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GRAND TOTAL	\$4,222,914.00
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2. Payments due to the United States Army within the terms of this
agreement.

Cash reimbursable transactions Vouchers held by the United States Army (European Command)	\$ 655,681.62
Cash reimbursable transactions Vouchers held by the Department of the Army in Washington	395,943.00
Services rendered under United States Air Force contracts with French Nationals in North Africa	36,070.50

GRAND TOTAL	\$1,087,695.12
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3. Net amount due to the Government of the United Kingdom by the United States Army.

Payments due to the Government of the United Kingdom	\$4, 222, 914. 00
Payments due to the United States Army	1, 087, 695. 12
Net amount due to the Government of the United Kingdom	<hr/> \$3, 135, 218. 88

Note on rates of exchange applicable

Claims by the Government of the United Kingdom against the United States Army which are expressed and payable in sterling have been translated into dollars for the purposes of this agreement at the rate of one pound sterling equal to \$4.0325. Where the indebtedness of the United States Army falls to be discharged in a currency other than sterling under the provisions of the agreement dated 15th January 1947 between the United States Army and the Government of the United Kingdom, the local currency indebtedness of the United States Army has been translated into dollars for the purposes of this agreement at the rate of exchange ruling between that currency and the dollar on 31st May 1948.

ANNEX II

Petroleum, Oils and Lubricants Excluded transfers or adjustments

1. The following are the transactions arising out of paragraph 8 (a) and (b) of this agreement which will be settled separately:

(a) Stocks of petroleum, oils and lubricants handed over by the British Armed Forces to the United States Army in Iceland; and subsequent issues of petroleum, oils and lubricants to the United States Army in Iceland.

(b) Port dues on United States equity shipments from the United Kingdom.

(c) Deliveries of petroleum, oils and lubricants by non-American companies to the United States Army during the "pipeline period" in excess of the amounts specified under paragraph A2(a) of Section VI of the Agreement dated 27th March 1946.

(d) Adjustment for issues included in the Mediterranean Product Account up to 31st January 1946 and for issues included in the Italian Theater Monthly Accounts after the 31st January 1946.

2. The following are the special transactions referred to in paragraph 8(d) of this agreement:

(a) Issues of petroleum, oils and lubricants to the United States Army

in Norway, Denmark and the Azores from the 2nd September 1945 up to and including 31st December 1946.

(b) Issues of petroleum, oils and lubricants to the United States Army in Gibraltar from 2nd September 1945 up to and including 31st March 1947.

(c) Non-equity issues of petroleum, oils and lubricants to the United States Army in the United Kingdom from 2nd September 1945 up to and including 31st March 1947, and including settlement for containers.

(d) Issues of petroleum, oils and lubricants to the United Kingdom Government or its agencies by the United States Army in the United Kingdom from 2nd September 1945 up to and including 31st December 1946.

(e) Issues by either Government to the other of 100 octane in West Africa.

(f) Issues of petroleum, oils and lubricants to Japanese repatriation vessels.

(g) Fuel oil issues by British oil companies to the United States Army in India.

British Colonial Dependencies as referred to in paragraphs 2(b) and 6(a) (ii) of the agreement.

East Africa

Kenya
Uganda
Tanganyika (Mandated Territory)
Northern Rhodesia
Nyasaland
British Somaliland
Zanzibar

Sudan

(Anglo Egyptian Condominion)

South Africa (High Commission Territories)

Basutoland
Bechuanaland
Swaziland

West Africa

Gambia
Goldcoast
Nigeria
Sierra Leone
St. Helena (incl. Ascension Island)

Eastern Dependencies

Ceylon
Hongkong
Malaya (incl. Federation of Singapore and Strait Settlements)
N. Borneo
Brunei
Sarawak
Mauritius
Seychelles
Aden
Maldivé Isle (Protectorate)

Mediterranean

Cyprus
Gibraltar
Malta
Palestine (Mandate)

West Indies and America

Bahamas
Barbados
Bermuda
B. Guiana
B. Honduras
Jamaica (incl. Turks and Caicos Isles and Cayman Isles)
Leeward Isles
Trinidad and Tobago
Windward Isles (Grenada, St. Lucia, St. Vincent)
Falkland Islands and Dependencies

West Pacific

Fiji
West Pacific High Commission (Gilbert & Ellice Isles)
B. Solomon Isles Protectorate
Tonga
New Hebrides (British French Condominion)